

Message Text

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ACTION PM-04

INFO OCT-01 EA-07 ISO-00 NSC-05 SP-02 SS-15 CIAE-00 INR-07

NSAE-00 ACDA-07 MC-02 L-03 OMB-01 H-02 TRSE-00 EB-07

/063 W

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R 040918Z AUG 76

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 6010

INFO JCS WASHDC

SECDEF WASHDC

CNO WASHDC

CINCPAC HONOLULU

CINCPACFLT MAKALAPA HI

C O N F I D E N T I A L JAKARTA 10220

CINCPAC ALSO FOR POLAD

E.O. 11652: GDS

TAGS: MASS, ID

SUBJECT: SALE OF SHIPS ON LOAN/LEASE

REF: STATE 188317 (DTG 292242Z JUL 76) NOTAL

1. IN ACCORDANCE WITH REFTTEL I DISCUSSED USG INTEREST IN SELLING LEASED SHIPS (TWO LSTS, ONE AD, AND ONE ARL) WITH LGEN HASNAN HABIB OF GOI DEPT OF DEFENSE AND SECURITY (HANKAM) ON AUGUST 3, NOTING THE PRICES ASKED FOR EACH SHIP AND THE REQUIREMENTS FOR CONGRESSIONAL NOTIFICATION OR APPROVAL IN EACH CASE. GEN. HASNAN HABIB AGAIN CONFIRMED THAT WHILE GOI WISHED TO RETAIN SHIPS, BUDGETARY CONSTRAINTS PRECLUDED THEIR PURCHASE AT THIS TIME AND GOI THEREFORE DESIRED TO EXTEND LEASES.

2. AS AUTHORIZED IN REFTTEL, I THEREFORE INFORMED GEN. HASNAN HABIB THAT USG WOULD BE PREPARED TO ACCEPT SHORT-TERM LEASE OF TWO YEARS WITH OBJECTIVE OF EVENTUAL SALE AT TERMINATION OF
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LEASE IN ACCORDANCE WITH US SHIP TRANSFER POLICY. GEN.

HASNAN HABIB EXPRESSED INTEREST IN TWO-YEAR LEASE, ASSUMING THE LEASE EXTENSION WOULD BE EFFECTIVE FROM DATE OF RENEWAL AND NOT FROM DATE OF EXPIRATION OF PREVIOUS LEASE. THIS WOULD ENSURE THAT INDONESIAN NAVY COULD BE ASSURED OF HAVING SHIPS AVAILABLE ON LEASED BASIS FOR FULL TWO YEARS. (AS WASHINGTON IS AWARE, LEASES ON TWO LSTS EXPIRED IN JULY 1975, AND ON THE AD IN FEBRUARY 1976.)

3. I RECOMMEND THAT THE FOUR LEASES BE EXTENDED AN ADDITIONAL TWO YEARS FROM SEPTEMBER 30, 1976, WITH STIPULATION THAT SHIPS MUST BE PURCHASES AT THE END OF THIS TIME OR RETURNED TO USG. DURING EXTENDED LEASING PERIOD WE WILL CONTINUE TO PURSUE WITH HANKAM NEED AND ADVANTAGES OF PURCHASING THESE SHIPS AFTER LEASES EXPIRE.
NEWSOM

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